

Message Text

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64

ORIGIN EUR-25

INFO OCT-01 ISO-00 SS-20 PM-07 EB-11 COME-00 TRSE-00 NSC-10

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TO USMISSION NATO

INFO ALL NATO CAPITALS

C O N F I D E N T I A L STATE 252128

3.O. 11652: GDS

TAGS: PFOR, NATO, MCAP, EFIN

SUECT: BURDENSARING: MECHANISM FOR MONITORING
BALANCE OF PAYMENTS TRANSACTIONS ON DEFENSE
ACCOUNT

REF: USNATO 6110 (NOTAL)

NOW THAT WE HAVE TABLED OUR MULTILATERAL BURDENSARING
PROPOSAL, WE WISH TO FOCUS ATTENTION ON ESTABLISHING
A WORKABLE SYSTEM TO ENSURE THAT THE ALLIES RECEIVE
APPROPRIATE CREDIT FROM JULY 1, 1973 FOR ALL
PURCHASES OF MILITARY-RELATED ITEMS IN THE US - INCLUDING
PROCUREMENT THROUGH COMMERICAL CHANNELS - AS AN
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OFFSET TO US DEFENSE EXPENDITURES ENTERING THE

INTERNATIONAL BALANCE OF PAYMENTS IN NATO EUROPE IN
FY 74. ACCORDINGLY, YOU SHOULD PROCEED, AS PROPOSED
IN REFTTEL, TO RECOMMEND THAT SYG, UTILIZING THE IS,
BE CHARGED WITH DEVELOPING A MECHANISM TO MONITOR BOP
TRANSACTIONS ON DEFENSE ACCOUNT ON A CONTINUOUS BASIS.
THESE TRANSACTIONS WOULD INCLUDE PAYMENTS FOR SALES ON
GOVERNMENT-TO-GOVERNMENT (FMS), FIRM-TO-GOVERNMENT (E.G.
DUTCH GOVERNMENT PURCHASING FROM NORTHROP), AND FIRM-TO
FIRM (E.G. MESSERSCHMITT-BOELKOW-BLOHM PURCHASE FROM
MCDONNELL-DOUGLAS) BASIS. THE SYG SHOULD BE ASKED
TO SUBMIT HIS RECOMMENDED APPROACH (INCLUDING CRITERIA
DEFINING MILITARY TRANSACTIONS) FOR PERMREPS

CONSIDERATION NO LATER THAN THE END OF JANUARY 1974.
GIVEN THE URGENCY OF JACKSON-NUNN REQUIREMENTS,
YOU SHOULD EMPHASIZE THAT WE VIEW THIS PROPOSED
MECHANISM AS A DESIRABLE ADMINISTRATIVE MEASURE THAT
SHOULD GREATLY FACILITATE NATO BOOKKEEPING ON BOP
MATTERS, AND THAT WORK ON THE PROPOSAL MUST NOT
INTERFERE WITH ON-GOING DISCUSSIONS REGARDING THE
FEASIBILITY OF IMPLEMENTING THE US MULTILATERAL
PROPOSAL TABLED ON NOVEMBER 29.

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